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WAR FOOD ADMINISTRATION

Extension Service
Washington 25, D. C.

REPORT OF SOUTHERN STATES EXTENSION MARKETING CONFERENCE

Memphis, Tennessee, November 21-23, 1944

During this wartime period farmers have shown their ability to produce to meet the expanding demands for farm products. Economists are now pointing to some amber lights of caution with regard to production after the war. In adjusting to changes in demands, farmers will have marketing problems confronting them. So it becomes important that the Cooperative Extension Service give increased attention to the development of sound marketing programs through which farmers may better coordinate their production and marketing efforts. Much can be done through education to improve marketing and distribution methods, and Extension should give freely of its leadership in this field so that farmers will be better prepared to build sound marketing programs.

The recommendations developed at the Southern States Extension Marketing Conference should serve as a guide for the future development of better marketing and distribution systems for farm products of the South.

M. L. Wilson

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Director of Extension Work

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1944-1945

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PROGRAM FOR THE SOUTHERN REGIONAL MARKETING CONFERENCE

Memphis, Tennessee

November 21-23, 1944

Tuesday Morning, November 21

9:00 -- Marketing the South's agricultural products after the war -

W. B. Stout, Extension Service,
Washington, D. C.

Discussion.

10:00 -- Extension's opportunities and responsibilities in the field
of marketing and distribution -

O. B. Jesness, University of Minnesota.

Discussion.

11:00 -- Problems and educational assistance needed in cooperative
marketing and purchasing in the South -Homer L. Brinkley, President,
National Council of Farmers' Cooperatives,
Lake Charles, La.

Discussion.

12:30 -- Recess for lunch.

Tuesday Afternoon

2:00 -- Working group conferences -

Chairmen, State directors of extension.

Committee topics:

1. Definition of the field of marketing and distribution.
2. Extension personnel's responsibilities in the field of marketing and distribution.
3. Extension relationships with farm organizations, Federal and State marketing agencies, and farmers' cooperatives.
4. Marketing research related to extension programs.
5. The South's problems and objectives in the field of marketing after the war.

Wednesday Morning, November 22

Continuation of working group conferences.

Wednesday Afternoon

Reports of working groups to entire conference and discussion of reports.

Wednesday Evening

Dinner Meeting

7:00 -- Post-war inflation problems -

H. H. Williamson and OPA representatives.

Thursday Morning, November 23

Revision of working group reports and adoption by conference.

Thursday Afternoon

Reports on State marketing legislation and developments:

Alabama ----- Director Davis.
Discussion.

Louisiana ----- Director Sanders.
Discussion.

Mississippi ----- Director Jones.
Discussion.

Adjournment.

BACKGROUND SUMMARY

The pattern of farming in the South has been changed because of demands for certain farm products brought on by the war. The South has been a training ground for many of our troops and has provided local markets for farm products in quantities never before realized. Many wartime industries have sprung up in the South and have brought with them an influx of population and increased buying power which have provided enlarged market outlets for farm products. The South has also done its share to help meet wartime national needs for peanuts, soybeans, eggs, hemp seed, and many other farm products. During the war period, cotton production has been maintained.

For some commodities whose production has increased, there are now ready markets in military camps, increased population in industrial centers, or Government wartime purchase programs. These cannot last. Many training centers will close. Incomes of industrial workers will decline. Government purchases for lend-lease purposes will cease and present price-support programs may terminate. If the South is to continue its diversified agriculture, new markets and new marketing systems must be developed.

The following guiding principles were defined by the conference:

1. Extension has an important responsibility for assisting farm people to develop satisfactory marketing methods. Their function in this field is one of education.
2. The entire extension staff, with the marketing specialists as leaders, should concern themselves with marketing.
3. The location of marketing facilities and the development of marketing systems and marketing methods should be preceded by careful research investigations.
4. Extension workers should assist cooperatives with their member educational programs and in the development of sound business and merchandising practices.
5. Careful study should be given to the place of the wartime expanded production of specified farm products as a part of the permanent agriculture of the South. Every encouragement should be given to the production of adapted commodities on an efficient basis and to the development of sound marketing procedures for these products.
6. Since cotton plays such an important part in the agricultural economy of the South, the Extension Service should work diligently to encourage a sound cotton program. The United States cotton grower must understand what he must do to hold his fair share of the world cotton market and must assist in the development of techniques necessary to holding or expanding the domestic market for cotton.

MARKETING THE SOUTH'S AGRICULTURAL PRODUCTS AFTER THE WAR

W. B. Stout, In Charge, Extension Economics Section

The marketing of agricultural products will be a problem of major importance in the South after the war. This conference therefore is important, since Extension's educational responsibility to farmers will be heavy in this respect. Food and fiber will be plentiful in the post-war period and some reduction in production will very likely be necessary in the United States. Combined foreign and domestic demand for United States' food and fiber will not be great enough to consume present production at present high prices.

No one knows when the war in Europe will end, or how long lend-lease shipments of food will continue. If the war should end before the next planting season, lend-lease food would be in demand for a shorter period of time than if the war were to end in the summer or fall of 1945. The same may be said of military needs for food. The length of the war in Europe will determine to a great extent the amount of food purchased currently by the military services, and we should keep in mind that the stock pile needs have been largely built up. Furthermore, civilian demand for food will likely change, depending upon economic conditions and employment at home. In this respect we should not lose sight of the fact that other heavy agricultural surplus producing countries of the world wish to reestablish their foreign trade as soon as possible.

International competition in the shipment of food will result in increased regional and intraregional competition on the home market. Such competition will lay stress on the importance of sound farm management and efficient agricultural production practices in the United States, as well as on the need for increased efficiency in the marketing of farm products.

Here in the Southern States you have not only increased the production of food during the war, but you have also diversified your production. Since the Government has taken a large percentage of the total of your diversified production, commercial marketing outlets have not been established for this increased output. It will be necessary to establish profitable marketing outlets for these products if farmers are to continue to produce them. Otherwise there will be a tendency in some sections of the South to increase cotton production, and this does not seem desirable in light of the present cotton situation.

In considering the possibility of establishing new marketing outlets, potential markets in the South should not be overlooked. Such outlets would provide many advantages to the farmers of the region. They would not be so competitive or so exacting as the large marketing centers of the East and Middle West. The needs for such developments are great, and the costs involved would be much less than they would be if all products had to be produced and packaged to a uniform high standard to meet competition on distant markets. Since the consumer purchasing power in the South is not so great as in some other sections of the country, it would be a mistake to try to develop markets in the South based entirely on high quality standards. Such a procedure would only force many families to reduce

consumption of the product so offered for sale. It is common knowledge that only high-quality products are able to stand the handling and transportation costs when shipped to distant markets. Conversely, it would not be necessary for producers in the South to meet keen competition from distant areas while serving local markets requiring medium-grade products. Market outlets for medium-grade products would furnish local producers with another advantage, namely, providing them with a market until commercial production areas can be developed, and volume and uniform quality established.

A number of problems should be kept in mind in developing an efficient system of marketing and distribution in the South. Many areas will need to solve the problems of kind, quality, and volume in order to proceed on a sound basis. This would seem to call for a further development of commercial production areas that can supply increased volume of high quality.

Those areas that are now producing commodities in surplus of their local needs will find it necessary to proceed even further with grading and standardization programs to meet competition from other producing areas. Throughout the entire field of agricultural marketing there is a great need to better determine market demands and consumer preferences in order that we may better serve the buying public and thereby net a greater return on the products sold. Adjustments and improvements in our marketing methods to cut cost and increase efficiency are of paramount importance.

Cooperative organizations can be of great help to farmers in this respect, but they too will need increased educational guidance in organization, finance, and in the general conduct of their businesses. Much more attention must be given to the consideration of market prices and price relationships in the marketing of farm products to make certain that products are sold on the market where they will net the greatest returns to producers.

To accomplish some of these ends, additional facilities for the handling, storing, processing, and packaging of agricultural commodities must be provided in many southern producing areas. However, it is essential that these be constructed on the basis of known needs as to size and kind of facilities and in relation to the location of the producing areas they are to serve. Preliminary studies and thinking would indicate a growing need throughout the South for facilities for the processing of more agricultural products at the point of production. Public programs in marketing and distribution will stimulate local sentiment regarding the need for such developments as are outlined here, and therefore will be helpful in many communities in accomplishing the desired results.

The South also is confronted with marketing problems that take the form of trade barriers or tariffs between States which should be discontinued. Such barriers add to the cost of distribution, because either the producer receives a lower price, or consumers must pay a higher price in order that the barrier costs may be absorbed. In this respect it need not be pointed out that transportation and freight rates in the South are high. These high costs are a handicap to southern producers, and the need for their reduction should be emphasized.

The solution of the above problems are steps in the direction of developing better merchandising programs for agricultural products. In so doing, our objective of lowering marketing and distribution costs through increased efficiency should be kept in mind. Experience has shown that in the enthusiasm of doing a better job of marketing and distribution, the producers and handlers of agricultural products find it easy to add services in the form of handling, packaging, wrapping, and sales promotion which add costs that are out of line with the values of such services. This does not mean that such services should never be rendered, but that their values in relation to costs should be carefully weighed to increase efficiency in distribution.

Solving the marketing problems in the South is a tremendous job. To develop sound marketing programs will require a great deal of educational work among producers and handlers of agricultural products. It is a much larger job than the State marketing specialist can handle alone. It is larger than the interest of the individual State, because the solution of many marketing problems must be approached on an area, regional, national, and even international basis. The educational work necessarily will require the coordinated effort of all the State extension services in the South. These problems will involve the formulation of policies, increased supervision, and more and better subject matter to develop programs and services to meet the needs of farm people. It is for this reason that this type of conference has been called, in order that administrators, supervisors, production specialists, marketing specialists, and county agents could together develop an understanding and outline objectives and procedure in view of the situation that confronts us. This is the necessary coordinated approach that we must have to do a better job in marketing in the South than has been done in the past. I am sure we are all hopeful that out of this conference will come decisions and recommendations that will point the way toward definite programs for the marketing of the South's agricultural products after the war.

EXTENSION'S OPPORTUNITIES AND RESPONSIBILITIES IN THE FIELD OF
MARKETING AND DISTRIBUTION

O. B. Jesness
University of Minnesota

The field of agricultural extension is education. The objective of education is to help people to develop themselves, to think clearly, to analyze problems correctly, and thereby arrive at solutions for their problems. Service consists of doing things for people; education aims to help them do things for themselves. The former makes them dependent on someone else; the latter makes them more self-reliant.

Agricultural extension is a public agency and like all true educational effort, serves public interest.

Marketing is dynamic. It is subject to constant change. Gains come from changes which improve upon the way marketing services are performed. The aim of extension work in marketing should be to stimulate and aid through educational activity, changes which are improvements.

Too much of the discussion of marketing has been in broad, general terms. There is talk about the need for improved marketing. The wide spread between farm and consumer comes in for frequent attention. There is need for directing attention to specific problems; to use careful aim with the rifle rather than blind shooting with a broad-gauged shotgun.

In extension work in production, the job is broken down into specific functions or tasks. We do not just talk about production in general. We talk in terms not merely of soil fertility, but of specific fertilizer applications. We do not talk merely about insects and diseases, but of specific kinds and controls. A similar approach is needed in marketing.

Marketing consists of the performance of a series of services such as assembly, sorting and grading, processing, packaging, transporting, financing, selling, and pricing. The specific tasks or problems relating to each of these need to be considered to effect improvement. For example, grading involves an understanding of the factors that affect quality--what these factors are, how they are reflected in grades, how grading and sorting are to be done, how pricing on the basis of quality provides an inducement to produce better products. A similar review can be made of other marketing functions.

Price occupies an important place in farm thinking because prices play a leading role in determining farm income. Extension education has an important responsibility for developing a better understanding of factors affecting price and of the requirements of a sound price policy.

Instead of giving lip service to the idea of parity price and of support prices, Extension should help farmers and others to study these matters and to analyze them carefully. The concept of parity prices rests on certain assumptions which lack validity. They assume that there is some ideal,

fixed relationship among prices which should prevail indefinitely. They assume that gains in production efficiency proceed at the same rate in all lines. They assume that demand remains relatively the same for different commodities over a period of time. Support prices will not cure problems of lack of adjustment of production to the market. They will aggravate maladjustments. They will require production control of greater effectiveness than is yet developed.

Cotton offers an excellent illustration. Arbitrarily maintained prices increase the difficulty of retaining export markets, invite expansion of production here at home and in other parts of the world and encourage the use of substitute fibers. There is need for careful thought and decision on this question now--not after a goodly share of the market has been lost.

Prospects are that some form of two-price system to handle exports will have strong support. Here again there is need for studying facts rather than indulging in wishful hoping. We cannot export unless there is a market. Will there be outlets available unless we are willing to trade? A two-price system will lead to demands for more protection and thereby make exporting more difficult. A two-price system will do nothing to overcome quota barriers against our products. Countries rather generally have restrictions against "dumping"--that is, selling abroad for less than at home. What assurance have we that any general use of this plan will be accepted by the world? Is it good policy to supply products to others at lower prices than we charge our own people?

There is urgent need for education relating to international trade and conditions necessary for its development and maintenance. There is a tendency to want to turn international selling over to governments, in spite of the illustrations furnished by the Nazi and others of the use of such controls for military and political rather than economic ends.

The interests of the United States will be served best by having trade carried on by private endeavor--governments restricting themselves to laying down the rules--and to have that trade on a multilateral basis rather than bilateral. Only under such conditions can our imports from the South Pacific pay for our exports to Europe.

This war is placing the United States in the position of a world leader. This country has a grave responsibility in exercising that leadership in such a way that we may have peace rather than war in the future. We are in the world and must learn to live with it. How well Americans understand the world picture will determine in large measure how we shall function. Education has a responsibility. Will it live up to the challenge?

With whom should you work in carrying on extension education in marketing? Work with anyone willing to work with you in effecting improvements. But work with people and agencies, not for them. Take hold where you are. Tackle the problems most important in your situation. Seek the means that promise best results.

Extension workers naturally have close relationships with cooperatives because most farmers are very limited in the marketing activities they can undertake except as they cooperate with other farmers. Cooperatives are very valuable means of improvement when they operate efficiently and effectively. Their results depend upon how they function and what they do. They are not an end in themselves, but a means to an end--to get better results for farmers in buying and selling.

What are the things you should do? No one can write a rule book for you to follow mechanically. Education is not a mechanical process. You must think through your own problems first and then devise your plan of attack.

There are some general rules or tests which can be applied. Is the work educational? Does it develop better understanding? Does it make people more self-reliant? Is it in the public interest? Does it expand mental horizons? Does it serve the aim of all agricultural extension work--improvement in farm family living?

PROBLEMS AND EDUCATIONAL ASSISTANCE NEEDED IN COOPERATIVE
MARKETING AND PURCHASING IN THE SOUTH*

Homer L. Brinkley, President,
National Council of Farmers' Cooperatives

There is a continuing need for education of cooperative membership and the training of cooperative personnel in fundamental principles on which the proper functioning of these necessary rural business institutions is based.

There are three general systems under which agricultural production is organized in modern nations. At one extreme, we have large-scale corporate farming. Successful corporate farming usually includes, or exists in connection with an integrated processing, distributing, or transportation enterprise. Such corporations frequently make their profits on these other services rather than on primary production activities. Some of our competitive tropical commodities are produced by monopolistic corporations. In this country, I have little concern that the corporation system can become an important pattern of husbandry in the field and corral. Under conditions in the foreseeable future our crop and livestock price structure is not likely to support attractive corporate investments and management returns in normal times. Our competitive and protected wage structure will less and less permit any widespread exploitation of farm labor, and this exploitation may be expected to decline in other countries producing competitive products. To the extent that corporations use their capital to reduce costs by introducing mechanization in field production, they may temporarily assume some importance in times of higher prices and higher costs.

Usually in successful corporation farming, the large capital and management resources are used to purchase supplies effectively in quantities at wholesale prices. Production can be adjusted to the volume necessary to carry the overhead expenses. A fleet of boats or trucks owned by the corporation furnishes transportation at other than common carrier rates. A sales department with representatives reaches into the wholesale and even retail markets, merchandises and distributes the product effectively. Losses in primary production income are compensated or overshadowed by returns from other distribution services.

Going to the other extreme, we find in the world today nations which have in effect nationalized farm production. The State owns the land, furnishes the capital and management, operates large areas on a mass-production basis, and distributes the farm products by allocations for military, urban, and farm needs. Such organization may be a technological masterpiece, but is impossible where the dignity and initiative of the individual are valued, where democratic economic and social systems embody free schools and private enterprise. Early in this war, I am told, a plan was submitted, though not seriously considered, under which field boundaries, line fences, and even county lines in high-producing areas would have been obliterated, and

*Digest of the full speech.

mechanically equipped crews in successive waves would follow one another across the country plowing, fitting, planting, tilling, and harvesting in a great mass-production effort. During this war, it will be found that a high degree of control has been exercised both in the production and distribution of products of the soil. Under State operation large quantities of production supplies can be purchased and distributed at cost; labor costs can be frozen; and the State can transport and distribute the product of the farms at nominal noncompetitive costs.

Both these extremes of corporate and State farming are undesirable in this country. The family farm can continue as a way of living in a free economy so long as it is sustained by a successful economic production enterprise, fully able to compete for labor, equipment and supplies, markets and financing. The small individual producer of raw materials is at a disadvantage in the economic scheme unless he finds a way to follow the product of his capital and labor to the ultimate markets, so that he can effect his purchases at a competitive price, and protect his sales and the inventory values of his product pending orderly use or disposal. You will agree with me that we want to maintain our family farm system. During this war we have outproduced any other nation under any other system, because of our native genius, individual initiative, widespread vocational education, and voluntary cooperation.

I know of no program of action which rounds out the family farm production system and keeps production income under the producer's management except the cooperative marketing and purchasing association. Certain economic groups are questioning seriously the contribution of farmer cooperatives to the national economy. Farmer owned and controlled cooperatives, distributing production supplies to members in volume and financing, marketing, processing, and storing farm products, put individual farmers on a competitive cost and income basis with corporate or State operated systems as well as with other groups under the free enterprise system. If the farmer follows the pattern of industrial efficiency and protects the quality of his product and its cost to the consumer, he must of necessity follow his product through the markets. He is not interested in monopoly, but he is interested in establishing competitive yardsticks in a free enterprise system which will insure the proper return on production income and reflect to consumers efficiency in production.

This vertical integration in cooperative organizations is not unusual in American business. Some automobile companies are organized that way. Much of the farmer's production income is not realized when at crop harvest, or livestock turn-over periods, he accepts a seasonably lower price because he is unable to process and store and otherwise adjust his product to distribution over the normal consumption cycles. Recently the State has stepped in and purchased the product or otherwise put production and marketing under governmental controls. As the State assumes more and more of the functions that a self-reliant people can perform for themselves, there will inevitably develop a tendency, particularly in times of stress, for the people to depend on the State to a degree that can only result in a relationship that we have never yet seriously contemplated. The cooperative principle of financing facilities represents the small man's capitalism in its most efficient and most democratic form. Services are furnished at cost, and savings are paid

in cash at stated intervals or as equities to provide other facilities and services necessary to the efficient farm business. The producer invests his savings in his own business to protect his costs of production, and to insure his full production income by marketing his own products. Cooperatives enable family farmers to compete for finances, labor, supplies, and markets with other big businesses, but they must continue to be able to draw trained personnel men and other specialists for handling production and business economics, management, technology, and finance.

Specialized training and experience are needed in office management, traffic management, purchasing, advertising, and merchandising, and more recently, food processing and plant and facility engineering. We need to know more about foreign and domestic trade shifts, economic geography, taxation, legislation, business cycles, prices, business law, cooperative laws, and farm credit systems. These problems lend themselves to on-the-job training for staff personnel. The land-grant colleges and extension services are peculiarly in a place of vantage in attacking many of these problems. I hope to see the same comprehensive type of service developed for our rural cooperative institutions as we find in the schools of business administration and technology serving urban areas.

Perhaps the most impelling urge of cooperatives is underlying faith and belief in an economic democracy as well as in a political democracy. I submit that in the absence of either of these the other will inevitably fall. The land-grant college is particularly well adapted to help foster and to explain farmer cooperatives to the American people. I can assure you that my associates in the farmer cooperative field are interested in equity and truth. Unbiased information from an authoritative source grounded in the esteem of the public as the land-grant colleges are, would be constructive in anticipating and separating agitation from fact and in correcting through the proper channels any inequities simply by analyzing and reviewing from time to time measures important to the public and farmers generally.

We have a vital and ever-present problem of keeping cooperative membership authoritatively informed on current developments in all the fields affecting their business and living. Many cooperatives will expand their member meetings and discussion sessions when gasoline and tires are available. There will be an opportunity for an educational service in guiding the business affairs of the farmer and indirectly the farmer cooperative institutions. When not fully possessed of essential information, they cannot function effectively in the essentially democratic management of their business.

In cooperative plants with considerable numbers of employees there are these same problems in the field of personnel relations and training. Labor regulations, physical health, nutrition and mental attitudes, as well as background information in the economics and operations of purchasing, processing, distribution, and financing are essential to efficient operation of the cooperative business. The war period has demonstrated the effectiveness of such programs in promoting efficiency among workers and in giving them additional incentives and outlooks.

I suggest also that there are still great opportunities for representatives of public institutions, such as the Extension Service, to interpret food

processing, grading and packaging, and distribution problems and practices to consumer groups: to promote knowledge of food values and textile adaptations. With their fund of information and opportunities for research and investigation, I believe that our land-grant colleges may look forward to becoming a most important wellspring of authoritative information to consumer groups both rural and urban to the benefit of all concerned.

Important projects have already been accomplished by the colleges, experiment stations, and extension services along these lines. From here on out the production and consumption of food, clothing, and shelter are, without doubt, going to occupy a larger segment of our national as well as our regional thinking. There are going to be adjustments in production and consumption activities all along the line. Leadership in searching out, analyzing, and carrying the information to all concerned can logically be expected of the public institutions in this area individually and collectively, as they have so successfully demonstrated in other programs in the past.

In looking back over the production record of our farmers during this war period, and comparing it with that of the last war, we come to the inescapable conclusion that we have developed to an unforeseen degree the technique of mass production of farm commodities. This has been true even though our efficiency has been materially decreased because of production difficulties inherent in wartime conditions, characterized by shortages of labor and machinery. Given a supply of labor and equipment necessary for maximum production, and prices to supply the incentive, our agricultural plant is capable of reaching production goals far in excess of any we have yet attained. Is it not then time to ponder deeply upon measures we must take to bring the best possible return on a supply of farm commodities very much less than we are capable of producing?

I suggest to you that our production methods have far outstripped our technique of distribution, and the time is upon us now when we must delve deeply into many economic problems of agriculture other than those of production.

In meeting problems of the farm, our farmers have for generations looked to their land-grant colleges for guidance and help. It is my considered belief that from this time forward you can render no more significant service to farmers than in the upbuilding of their own business and service institutions.

As I look around the country, I have come to the conclusion that there are more opportunities for development in this region represented here today than in any other region of the country. With the cooperation of all our agencies--both public and private--we can guide that development along sound and desirable lines. Otherwise it may be haphazard and unsatisfactory. I can assure you that our farmers' cooperatives look forward to your help and counsel and a friendly relationship in working toward realization of a flourishing farm production in an expanding southern economy.

COMMITTEE REPORTS

Committee I - Definition of the Field of Marketing and Distribution

Marketing and distribution involve all economic activities related to assembling, preparation of farm products for market, moving them from the farm to the consumer, and getting payment back to the farm family. Marketing can be made more effective by the marketing extension specialist collaborating with other extension specialists and workers in other related fields in production planning. It can be further facilitated by assisting farmers in obtaining supplies.

Marketing involves the rendering of services such as the following:

1. Developing a local market plan.
2. Providing a harvesting program in line with the marketing plan.
3. Assembling, stressing minimum costs with maximum protection to the quality of the products.
4. Preparing for market, grading, standardizing, packaging, and processing.
5. Transportation.
6. Storage and warehousing.
7. Selling and distributing.
8. Financing and risk bearing: the handling of the products and marketing facilities.
9. Market information including prices, supplies, consumer information, and the like.

The aim of all extension work is to improve farm family living. The various extension activities must be coordinated to serve this end. Extension workers in production fields should relate their activities to market requirements, and extension workers in marketing should give due recognition to production problems.

The function of the Extension Service is educational. If an extension worker is repeating a performance over and over again with the same person or group and not implanting new ideas, his work ceases to be educational. If he is teaching new ideas while performing these services for the individual or group, it is an educational function. Example: If an extension worker giving a demonstration in grading farm products is teaching those present how to do the job, he is performing an educational function. But if the farmers are using the extension worker to do this job merely to save them from doing it themselves, or hiring someone to do it, it becomes a personal or labor service.

The objective of the Extension Service in marketing should be the improvement in performance of marketing services by educational methods. It should also seek to give farm people a better understanding of their relationship to, and interest in, the rest of the economy.

Committee II - Extension Personnel's Responsibilities in the Field of Marketing and Distribution

Marketing and distribution of farm products is so closely associated with organized production and with consumer demand that any consideration of the marketing problems must involve the entire field from production to consumption.

In an extension program, responsibility in the field of marketing and distribution cannot be directed to any division of personnel, but instead to all personnel from the county level to the State director's office. The responsibility, however, for instigating a more efficient marketing program is that of the director and the district agent.

It is recognized that the county agent must be responsible for the marketing program on a county level to the same extent that he has been responsible for a county production program in the past.

Leadership in all marketing activities within a State should rest with the marketing specialists, who in turn should have the cooperation of other subject-matter specialists and the guidance of district agents and the director.

If a production and marketing program is to be successful it is absolutely essential that there be the closest cooperation between production and marketing specialists and supervisory groups.

In order to give greater assistance to county extension staffs, the following procedures are recommended:

1. That a thorough study of production and existing marketing facilities within an area be made, in order to determine if and what adjustments are needed.
2. That a systematized training program be set up to acquaint county personnel with all problems involved in efficient marketing, such as grading, packaging, processing, storage, and consumer demand.
3. That county personnel be regularly supplied with timely information, such as outlook material, market trends, consumer preferences.
4. It is the responsibility of the Extension Service to conduct consumer education, and it is recommended, wherever possible, that a consumer education specialist be employed.

Committee III - Extension Relationships With Farm Organizations, Federal and State Marketing Agencies, and Farmers' Cooperatives

Since this committee was to deal with the relationship with farm organizations as those organizations functioned in the field of marketing of farm products, the buying of farm supplies, and providing farm services, the committee discussed the relationship with them along with the relationship to farmers' cooperatives and therefore divided the subject into two parts: (1) Extension relationships with farm organizations and farmers' cooperatives, and (2) extension relationships with Federal and State marketing agencies.

Part 1 - Extension Relationships With Farm Organizations and Farmers' Cooperatives

It was felt that the relationships which develop in any State will depend upon conditions in that State and the basic extension philosophy of the extension leadership in that State as to the field of extension work. However, the committee recommends the following general suggestions:

1. The Extension Service, as an agency serving farmers in the general welfare, has the responsibility of teaching farm people:
 - a. The advantages and limitations of cooperative endeavor.
 - b. The principles of sound cooperative organizations.
 - c. The principles of sound cooperative operation.
2. In teaching farm people these principles, it will be necessary to perform some or all of the following functions:
 - a. Work with groups of producers in making surveys to determine the economic need for a cooperative in a given commodity or locality.
 - b. Counsel and advise with producers in planning for cooperatives in order that such organizations may be soundly organized.
 - c. Encourage and assist cooperatives or groups planning to organize a cooperative in determining their financial needs and encouraging them to provide sound financial programs. Where the need does not exist or where for other reasons it appears that a sound organization cannot be established, it is the responsibility of extension personnel to point out such deficiencies.
 - d. Advise with cooperatives on the necessity for efficient management and assist them, through educational processes, in training employees. Extension may legitimately assist cooperatives in analyzing their business practices with a view to increasing efficiency of operation.
 - e. Help operating personnel to develop or obtain necessary forms for keeping adequate records, and stress the importance of frequent financial reports to the directors and annual audits for distribution to directors and members.
 - f. Assist cooperatives with educational programs including -
 - (1) Market demands and preferences and the responsibility of the membership to gear their production to these market requirements.

(2) Help train operating personnel.

(3) Participate in public relations programs, including the dissemination of information to the public regarding cooperatives, their services to producers, and their place in our democratic system.

In rendering these services, extension personnel should, whenever practicable, attend meetings of boards of directors, and assist them in planning annual meetings. Extension may also appropriately work with cooperative officials in assembling and interpreting basic data for use in planning both short- and long-time programs. Similarly, Extension should make available to unorganized producers, and reputable private handlers of farm products, such information as may be helpful.

Part 2 - Extension Relationships With Federal and State Marketing Agencies

1. The principal functions of the agencies as related to marketing of agricultural products include:

- a. Market reports.
- b. Grading and inspection service.
- c. Price support through loans and direct purchases.
- d. Price support and surplus disposal.

2. Recommendations:

- a. Though market news and inspection services are generally understood and utilized by the private trade, cooperatives, and large producers, it is the duty of Extension to help extend the use of these adjuncts to obtain more efficient distribution.
- b. It is suggested that the Agricultural Extension Service have a voice in the determination of rules and policies for loan, surplus disposal, and any price-support programs contemplated by Government agencies, either through counsel with industry committees or by direct representation from the field. Extension should also keep Washington advised in advance as to probable needs for such programs. When the programs have been developed, local people should be informed as to their availability, details of operation, and the necessary local set-up of committees, organizations, or other machinery essential to the prompt and effective operation of such programs.

Committee IV - Marketing Research Related to Extension Programs

Your committee, in preparing this report, recognizes the important role that marketing of farm products will play in post-war readjustments. The changes that have occurred in production patterns, in consumption habits of our people, the new developments in the processing of farm products, the close relation to and the active participation of the Federal Government in production and marketing programs, the disturbing influences of the war on national and international trade, all point to the fact that marketing research will be needed on an enlarged scale and must be more extensive in character than it was in the pre-war period.

Research Needed

There is every reason to believe that the marketing specialists will be called upon to assist in solving the many intricate and difficult problems which will arise during the transition from a war to a peacetime economy. The knowledge required to solve these problems must be derived largely from carefully planned and executed research. With these things in mind the committee recommends research in the following fields of marketing:

1. Cooperative marketing with special reference to the part that cooperative associations can and should play in disposition of farm products, the factors determining their success or failure, and the services they perform in the buying and distributing of farm supplies.
2. The nature and function of our marketing system with emphasis on the factors that determine marketing costs and the relationship between these costs and the prices paid by the consumer and to the producer.
3. Consumer demand and preferences. Research in this field should be designed to answer the important questions as to the kind, quality, quantity, and pack of specific commodities which the several income groups of consumers want.
4. Cold-storage plants, commercial freezer units, and freezer lockers. It is deemed advisable to study these types of refrigeration units as they relate to our general market structure, the extent to which they should be encouraged, the types of management, their organization, and the types of contract which they use.
5. Marketing facilities. The need for marketing facilities will vary with the type of products and the volume of shipment. Investigations are needed to determine the adequacy of present facilities and to determine what, if any, additional facilities will be needed in the post-war period for such widely different conditions as exist where a given area is highly specialized and another is diversified.

6. Processing of farm commodities. Considerable attention is being given to the subject of decentralization of industries, especially those engaged in the processing of farm commodities. Studies in this field should be devoted largely to processing plants for fruits and vegetables, poultry and eggs, livestock and livestock products, with special emphasis on the kind and capacity of plants needed, their location in producing areas, and the conditions under which they may be operated successfully.
7. Disposition of temporary or seasonal surpluses. Aside from the use of processing plants designed to handle seasonal surpluses, attention should be directed to ways and means of marketing temporary or seasonal surpluses of specific farm commodities of a perishable or semi-perishable nature; the extent to which such operations should be conducted by private businesses, cooperative associations, the State or Federal Government, or all of these agencies.
8. New uses and outlets for farm commodities. This is an old, but important field of research. It assumes an added importance because of the war effort. In the immediate post-war period considerable adjustments in production will have to be made or new outlets found for present production. This will be the case for most farm commodities, but the need will be especially acute in those areas the production of which has been greatly modified because of the concentration of a large number of industrial workers. When the war is over and these workers migrate to other areas, the farmers will be faced with the problems of adjusting production or finding new markets for their products.
9. Transportation of farm products. Changes in methods of transporting have been so pronounced in recent years that there is a pressing need for information on the comparative costs of transporting farm products by various means and the type of transportation best suited for specific commodities. There is also a need for more information on how transportation cost affects production.
10. Retail and wholesale systems of purchasing farm supplies. Farmers are at a serious disadvantage when they have to buy their supplies at retail prices and have to sell what they produce at wholesale prices. It is essential that farmers obtain their supplies at the lowest possible prices in order to lower production costs and help them realize a satisfactory income from their farming operations. This is especially important during periods of declining and low prices of farm products such as may occur after the war. Information is needed as to the type of cooperative retail and wholesale system that will enable southern farmers to obtain their supplies at the lowest cost.
11. Regional competition. This is a field for both production and marketing research. There is a great need for a study of the production patterns of certain highly specialized areas, the products of which tend to compete for the domestic markets, at

the same time. From such research it may be possible to eliminate this competition, in part at least, through adjustments in production or changes in the methods and times of marketing.

12. Forecasting adjustments. Information is needed which will enable farmers to adjust their production to market conditions. It often occurs that information on a national level with respect to prices, demand, and supply is of little or no value to local producers. There is need, therefore, for research at the State level which will supply such producers with information they need for marketing their products effectively.
13. Market news service. Generally speaking, our market news service is inadequate. This is especially true as it applies to local or regional markets. What is needed is research to determine just what information farmers need for specific markets to enable them to market their products advantageously.

The Effect of Research on Extension Activities

In considering the relation between research and extension activities in marketing, the committee is of the opinion that without research the extension specialist has no solid foundation upon which to base his marketing program. Where facts are absent, the extension specialist tends to limit his activities to doing the simple, obvious things. One specialist has designated such activities as "Hip-pocket-marketing." Adequate research along the lines suggested in this report, on the other hand, will provide the basis for a comprehensive marketing plan for each important commodity, which should not only reduce marketing costs, but also obtain for the farmers competitive market prices.

How Research and Extension Activities Can be Coordinated

The coordination of research and extension activities is primarily an administrative problem. The committee nevertheless ventures the opinion that the most effective way of solving this problem is for the dean and the director of research to insist upon the cooperation of the production and marketing specialists, and the marketing research economist when research is being planned. It is further suggested that in the actual conduct of the research, insofar as possible, the production and marketing specialists assist the marketing research economist in obtaining the information and in making the analysis of the data collected. Such cooperation would, it is believed, contribute markedly to the effective solution of current marketing problems.

The Type of Research Which Extension Specialists Can Do

The type of research which extension specialists can do is largely limited by law and administrative policy. It would be advisable, however, for the land-grant colleges to give some thought to the establishment, within the Extension Service, and in cooperation with other appropriate departments, of a division, the purpose of which would be to collect, analyze, and distribute all available information bearing on specific marketing problems. It would also appear feasible for such a division to make studies of extension marketing methods and programs for the purpose of determining why some methods have failed or why some methods have been more successful than others.

Committee V - The South's Problems and Objectives in the Field of Marketing After the War

Situation:

It is not possible to predict in detail what circumstances will exist in farming and farm living in the post-war period, but some of the more general problems with respect to farm marketing do warrant special consideration at this time. The objective of such considerations is to promote the general welfare by assisting farm people to make the desired adjustments in marketing, distribution, and consumption of farm commodities.

We may expect that farm people will continue to favor the production and marketing in each area, of those commodities that they believe offer them the best living standards. Changes and adjustments will continue to be made, aiming at improved living standards. Herein lies the responsibility of the Extension Service to supply sound information, based on research and experience, as a basis for changes and adjustments.

The wartime demand, and economic conditions of the last decade, have altered the agriculture of the South. The less profitable cotton lands have been forced out of cotton production to the extent that the acreage of cotton in the South is about half of the acreage grown earlier. Cotton production is down, but to a smaller extent since yields have been improved. The production of oil crops, poultry and dairy products, vegetables, and other special war-time crops has increased greatly. This increase has taken place in order to meet the increased local demand during wartime and also in response to the Government's requests for higher production levels to meet national needs. Many enterprises have been developed in units which may prove unprofitable under pricing systems of the post-war period. Many enterprises have been developed beyond the point where existing marketing facilities and methods are adequate to handle them.

Objective:

The post-war objective in the field of marketing is to provide a marketing system that will adequately and economically supply farm products to consumers. This means employing methods that will result in the greatest return possible to producers and yet get the product priced to consumers at such levels as they can afford to pay.

To achieve this objective, the following considerations should be taken into account:

1. Research

Additional research is needed on current as well as basic market problems. Reference is made to the report of Committee IV.

2. Education

The Extension Service, through its system of county and home agents, is the only agency working with all farm people. Each

State extension service should maintain the strongest market unit possible. Since production and market problems cannot be separated, but must be considered simultaneously, each extension service should train its entire personnel to serve in marketing as well as production. Based on research, experience, current economic outlook information, and good sound organization procedure, the work of the Extension Service in marketing should be directed along the following lines:

a. Facilities

We recognize the fact that through decentralization of processing facilities a greater share of the consumer's dollar may be brought to the producer and therefore believe that the location of many of the facilities such as storages, quick freezing plants, canneries, poultry and egg handling and processing facilities at or near the important points of production will assist materially in accomplishing this end. Such a policy should also tend to furnish employment to part-time farmers in seasonal operations and to others on a full-time basis in year-round operations. Such a policy should aid materially in meeting a post-war unemployment situation, should that develop.

Desirable facilities are those which show greater efficiency in assembling, handling, storing, grading and standardizing, packaging, processing, transporting, and merchandising.

Facilities will vary from place to place.

Because of the frequent failures in small business undertakings due to misjudgment of the need of possible volume of business, careful consideration should be given to the location of any particular facility.

- b. To aid farm people in better understanding of prices, price relationships, and pricing mechanisms as well as price trends.
- c. In order to insure efficient marketing systems farmers should be encouraged to produce the varieties and quality of products demanded by the market. Where market outlets and the possibility of increasing farm income seem to justify the effort, education should be carried on to encourage the production of those products in marketable quantities.
- d. To help rural and urban consumers know the value of locally grown and processed products..
- e. Assist farm people to understand the problem of area and regional competition, and to appreciate its importance in the successful production of any given farm commodity for market.

- f. Assist in developing and improving marketing systems for farm products.
- g. Where practical, encourage producers to perform some of the functions of marketing as a means of rendering a service to the community as well as to improve farm returns by absorbing a part of the marketing margins. For example, encourage cooperative cotton gins to carry the marketing operations beyond the point of ginning.
- h. In making marketing plans necessary shifts in agricultural production and marketing practices should be based on evidence that soil fertility will be maintained or improved and will result in better farm family living in the form of more net cash income, improved nutrition, or better home living conditions.

Since cotton is the most important cash crop in this region, it is felt that the welfare of a large percentage of the farm population in the South depends on recovery of foreign markets, the holding and improving of domestic markets, and stimulating new uses for cotton and cottonseed products. A high level of cotton production is desirable because of the economic and social problems and the time and difficulty involved in effectuating satisfactory shifts in farming systems. Careful appraisal of research and information service to the cotton industry should be made at once with a view to improvement of these activities. Careful and immediate consideration should be given to the need of, and possibilities in an international cotton agreement which would enable this industry to better meet the situation in post-war world markets.

3. Regulation and operation

Besides research and education, marketing includes regulation and operations. Regulation such as establishing grades and standards, or supervising weights is usually done by the Federal or a State government. Operations are usually a function of individual farmers, corporations, or cooperative groups, though such operations as relief purchasing or purchasing for school lunches are performed by the Government. In the post-war period, as the problems of marketing become more acute than during the war, it will probably be necessary to strengthen those public functions of research, education, regulation and operations already in existence so as to afford farm people a better marketing service and expanded outlets.

PEOPLE IN ATTENDANCE AT MEMPHIS MARKETING CONFERENCE, NOVEMBER 21-23

Alabama

P. O. Davis
J. L. Lawson
John Bagby
J. D. Baldwin
J. A. Beaty
F. W. Burns
C. E. Clapp
J. T. Gailard
A. M. Pearson

Arkansas

Aubrey D. Gates
L. A. Dhonau
E. J. Allen
Paul Carruth
C. L. Christian
Hazel Craig
J. O. Kumpe
M. M. Muldrow
H. W. Robertson
J. M. Thomason

Florida

W. C. Nettles
D. E. Timmons

Georgia

W. S. Brown
Ida Bell
L. E. Farmer
T. L. McMullan
W. S. Rice

Kentucky

H. B. Price
L. A. Vennes

Louisiana

H. C. Sanders
J. G. Richard
Ellen Lenoir
W. T. Cobb
C. L. Flowers
F. A. Swann

Mississippi

L. I. Jones
Mae Cresswell
F. Z. Beanblossom
S. W. Box
D. E. Edson
Mary Gordon
Frances King
W. C. Mims
G. C. Mingee
J. V. Shaw
J. E. Stanley

North Carolina

I. O. Schaub
C. M. Brickhouse
G. W. Forster
H. L. Meacham

Oklahoma

Shawnee Brown
A. W. Jacob

South Carolina

D. W. Watkins
T. A. Cole
J. T. Lazar

Tennessee

H. S. Nichols
J. H. McLeod
Judd Brooks
A. J. Chadwell
Mildred Jackocks
A. L. Jerdan
L. J. Kerr
W. G. McGowan
R. W. Moore
J. C. Powell

Texas

Ide P. Trotter
M. C. Jaynes
Gladys Martin
S. A. Moore
Myrtle Murray
Hazel Phipps
Jimmy Rosborough
W. N. Williamson

Virginia

C. A. Montgomery
S. M. Cox
W. H. Daughtrey
Paul Swaffar
G. H. Ward

Washington, D. C.

Ruben Brigham
P. J. Findlen
M. C. Gay
H. I. Miller
J. L. Robinson
C. A. Sheffield
W. B. Stout
Tyrus Tim
H. H. Williamson